

Message Text

CONFIDENTIAL

PAGE 01 ABIDJA 11702 021506Z
ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 SP-02 USIA-06 AID-05 EB-08
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CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00
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ITC-01 INT-05 /103 W
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TO SECSTATE WASHDC 6429
INFO AMEMBASSY BRUSSELS
AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L ABIDJAN 11702

E.O. 11652: GDS
TAGS: PDEV, ECON, IV
SUBJECT: IVORIAN MINISTER OF ECONOMY DISCUSSES PETROLEUM,
SUGAR AND THE IVORY COAST'S FIVE-YEAR PLAN

1. ON NOVEMBER 29, I CALLED ON ABDOULAYE KONE, THE IVORY COAST'S NEW "SUPER-MINISTER" IN CHARGE OF NATIONAL ECONOMY, FINANCE AND PLAN, FOR A GENERAL DISCUSSION OF ECONOMIC DEVELOPMENTS. NOTING THAT KONE HAD RECENTLY TOLD A JEUNE AFRIQUE INTERVIEWER THAT ESSO-SHELL'S DECISION TO EXPLOIT THEIR PETROLEUM DISCOVERY OFF THE IVORY COAST WOULD NOT SIGNIFICANTLY CHANGE THE GOIC'S ECONOMIC DEVELOPMENT PLANS, I ASKED KONE WHETHER THIS MEANT THAT IVORY COAST'S ABITIOUS PROGRAM OF DIVERSIFICATION, AND SPECIFICALLY ITS SUGAR PROGRAM, WOULD CONTINUE ALONG LINES PREVIOUSLY CHARTED.

2. KONE CHOSE TO ANSWER THE QUESTION INDIRECTLY BY SAYING THAT THE IVORY COAST HAD FRAMED ITS FIVE-YEAR PLAN BEFORE THE ESSO-SHELL ANNOUNCEMENT. THE PLAN WAS BASED ON KNOWN IVORIAN RESOURCES, PRINCIPALLY AGRICULTURAL, AND WAS DESIGNED TO STRENGTHEN THE PERFORMANCE AND SPREAD AS WIDELY AS POSSIBLE THE BENEFITS OF THE ECONOMY
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ABIDJA 11702 021506Z

AS A WHOLE. THE EXTENT OF IVORIAN PETROLEUM RESERVES WAS STILL A QUESTION MARK. THEY MIGHT PROVE TO BE LIMITED, BUT EVEN IF THEY WERE NOT, THE IVORY COAST INTENDED TO ADHERE TO ITS BASIC PRIORITIES.

THE GOIC DID NOT WANT TO MAKE THE MISTAKE OF COUNTRIES LIKE NIGERIA AND GABON, WHERE PETROLEUM PRODUCTION HAD TENDED TO CREATE DISEQUILIBRIUM. NIGERIA'S COCOA PRODUCTION HAD ACTUALLY DECREASED SINCE

THE COUNTRY BECAME A MAJOR PETROLEUM EXPORTER. IN THE LONG RUN THIS WOULD CREATE PROBLEMS SINCE PETROLEUM, UNLIKE COFFEE AND COCOA, WAS NOT A RENEWABLE RESOURCE.

3. HAVE SAID THIS, KONE ADDED THAT IT WAS NEVERTHELESS TRUE THAT THE IVORY COAST WOULD HAVE TO LOOK CAREFULLY AT ITS OWN PRIORITIES. THE FIVE-YEAR PLAN SUGGESTED GENERAL LINES OF DEVELOPMENT, BUT IT WAS NOT A BLUEPRINT. AS FAR AS SUGAR WAS CONCERNED, GOIC WAS COMMITTED TO SIX SUGAR REFINERIES, BUT BEYOND THAT POINT NOTHING HAD BEEN DECIDED. I REMARKED THAT AMERICAN FIRMS CONTINUED TO BE INTERESTED IN OPPORTUNITIES TO PARTICIPATE IN IVORIAN DEVELOPMENT, INCLUDING SUGAR, WHERE HAWAIIAN AGRONOMICS WAS BIDDING ON THE CONTRACT FOR A SEVENTH IVORIAN SUGAR REFINERY. KONE SAID AGAIN THAT NO DECISION HAD BEEN MADE ON WHETHER TO PROCEED WITH A SEVENTH REFINERY BUT HE WAS AWARE OF HAWAIIAN AGRONOMICS' BID AND THAT THE COMPANY HAD AN EXCELLENT REPUTATION. COMING BACK TO THE SUBJECT OF PETROLEUM, I REFERRED TO TEXACO'S DESIRE TO INCORPORATE LOCAL CAPITAL IN ITS IVORIAN SUBSIDIARY. IT WAS MY IMPRESSION THAT GOIC GENERALLY FAVORED LOCAL EQUITY, AND I HAD THEREFORE BEEN SURPRISED TO HEAR FROM TEXACO OFFICIALS THAT THEIR APPLICATION TO THE BOURSE HAD BEEN TURNED DOWN. DID THIS MEAN THAT IVORIAN POLICY HAD CHANGED AND THAT, IN THE CASE OF THE OIL COMPANIES, A DECISION HAD BEEN MADE NOT TO ALLOW THEM TO LIST THEIR SHARES ON THE BOURSE? KONE SAID THAT IN GENERAL THE GOIC STILL FAVORED INCORPORATION OF LOCAL CAPITAL, THEIR ONLY CONCERN BEING THAT THIS BE DONE WITH APPROPRIATE SAFEGUARDS TO PROTECT THE INTERESTS OF IVORIAN STOCK-
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ABIDJA 11702 021506Z

HOLDERS. HE WAS UNFAMILIAR WITH TEXACO'S APPLICATION TO THE BOURSE BUT SAID THAT HE WOULD CHECK INTO IT AND LET ME KNOW WHAT THE STATUS WAS.

4. COMMENT: IT WOULD BE RISKY TO DRAW SPECIFIC INFERENCES ABOUT THE CONTINUED VALIDITY OF THE IVORY COAST'S FIVE-YEAR PLAN FROM KONE'S EXTREMELY NONSPECIFIC COMMENTS. WE KNOW, OF COURSE, THAT THE IVORY COAST'S AMBITIOUS PLANS TO EXPLOIT MT. KLAHOYO'S IRON ORE DEPOSITS AND TO BUILD A PELLETIZING PLANT NEAR SAN PEDRO HAVE BEEN SHELVED FOR THE INDEFINITE FUTURE. THE PICKANDS MATHER REPRESENTATIVE IN ABIDJAN CLOSED SHOP AND DEPARTED ABOUT ONE MONTH AGO. WE ARE TOLD THAT THE IVORY COAST PLANS TO GO AHEAD WITH THE DOLLARS 400 MILLION PULP PAPER MILL WITH 100 PERCENT GOIC EQUITY. (THE GOVERNMENT WAS UNABLE TO INTEREST PRIVATE INVESTORS IN AN EQUITY PARTICIPATION IN THE PROJECT). THE GOVERNMENT IS WELL ALONG WITH AN EXPENSIVE MARITIME FLEET DEVELOPMENT PROJECT. I WOULD GUESS THAT THE SEVENTH SUGAR REFINERY -- NOT TO MENTION THE ADDITIONAL FOUR WHICH THE GOIC HAS DISCUSSED IN THE PAST -- IS EXTREMELY QUESTIONABLE.

5. ACROSS-THE-BOARD RETRENCHMENT SEEMS UNLIKELY. KONE WAS GENERALLY OPTIMISTIC ABOUT THE IVORY COAST'S PROSPECTS FOR SECURING CONTINUED

HIGH PRICES FOR ITS BASIC EXPORT COMMODITIES, COFFEE, COCOA AND TROPICAL TIMBER, AND MADE A POINT OF SAYING THAT IBRD PRESIDENT MCNAMARA HAD APPEARED FAVORABLY IMPRESSED BY WHAT HE SAW IN THE IVORY COAST ON HIS RECENT VISIT. FURTHERMORE, THE BASIC DECISIONS ON IVORIAN DEVERSIFICATION, FINANCING, AND PUBLIC INVESTMENT WILL CONTINUE TO BE MADE BY HOUPHOUET HIMSELF WHO, AS WE KNOW, IS GROWTH-ORIENTED.

6. HAVING SAID ALL THIS, I SHOULD ADD THAT I WAS EXTREMELY IMPRESSED BY KONE, WHO STRIKES ME AS INTELLIGENT, CLEAR-HEADED, AND HARD-WORKING. HE IS ALSO EXTREMELY WELL-DISPOSED TO THE UNITED STATES AND SPOKE WITH GENUINE WARMTH ABOUT HIS VISITS THERE AND HIS AMERICAN FRIENDS.

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PAGE 04 ABIDJA 11702 021506Z

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Message Attributes

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